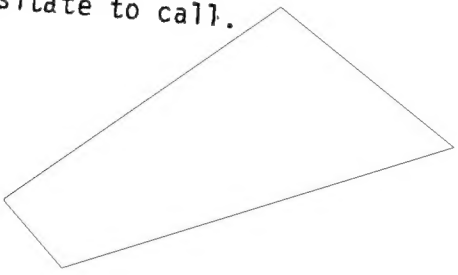


MEMORANDUM FOR: Mr. Richard Giza

Forwarded herewith are copies of the
correspondence you requested per our tele-
phone conversation of Friday, 9 April.
If I can be of further assistance please
don't hesitate to call.



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FORM 101 USE PREVIOUS
5-75 EDITIONS

Date 9 April 1982

Director
Intelligence Community Staff

Washington, D.C. 20505

DCI/ICS 81-0126

21 October 1981

Mr. James Bush
Permanent Staff Member
Permanent Select Committee on Intelligence
U.S. House of Representatives
Washington, D.C. 20515

Dear Jim:

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The enclosure provides the detail you requested to accompany the letter that Admiral Inman sent to Chairman Boland.

The [] for personnel is consistent with a total Intelligence Community Staff end-strength of []. We have been able to hold down total personnel costs by assuming, on the basis of past experience, a conservative rate of growth to arrive at the requested end-strength. We are well into FY 82 and are unfortunately below [] because of a self-imposed moratorium on hiring until the reorganization was complete. Now that we know the DCI's needs, we expect to get up to strength quickly and will need authorization to reach [] people. The [] for external contracts is identical to the amount your committee left following its review of our FY 82 proposed budget. The rest of the request totals [].

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We still do not believe that the amount of money for contracts is sufficient, but at this time it is difficult to identify other areas where there is a potential surplus that could be applied to external contracts. It would be very helpful if your conference language could allow us the flexibility to shift a portion of other money into external contracts should we be able to realize savings elsewhere over the course of the fiscal year. Perhaps you could specify a ceiling up to which we could reprogram ourselves and above which we would need to come to Congress for permission.

I appreciate your willingness to let us help you arrive at figures that both the Congress and the Executive Branch can support.

Sincerely,

[]

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Enclosure:
As Stated

Page Denied

DCI/ICS 800-81

19 OCT 1981

The Honorable Edward P. Boland, Chairman
Permanent Select Committee on Intelligence
U.S. House of Representatives
Washington, D.C. 20515

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Dear Mr. Chairman:

I am concerned that there may be some confusion at the staff level about the interpretation to be placed on the Administration's modified request for FY 1982 funds and manpower levels for the Intelligence Community Staff. The purpose of this letter is to provide my view of the situation for you.

As you may recall, the DCI's original FY 1982 budget request was for [] people and []. In his letter of 30 September 1981, David Stockman indicated that the request was being reduced by []. Since that reduction is almost equal to the reduction proposed by the HPSCI [], some have argued that the Administration has, in effect, endorsed the House Committee's programmatic actions. The similarity is purely coincidental. OMB applied the same 12 percent cut to the IC Staff that it levied on other departments and agencies. Unfortunately, your committee reached its proposed level by reducing external contracts and manpower levels. I believe we can reach the Administration and committee endorsed funding level by adjusting various parts of the budget and at the same time, cutting the staff to [] people from [].

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On 1 October when I appeared before you and your committee colleagues to discuss among other things, the IC Staff reorganization, I made a strong case to restore at least [] positions you had cut. I hope you will honor that request and let us reallocate our budget. It is also very important, I believe, for you to let us moderate the effect of your cut on our external contracting requirements.

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In closing, let me urge the conferees to endorse a level of [] people and [] allowing us the latitude to designate how the [] cut is to be taken. In this way the goals of the Congress, the Administration and the DCI can all be met. I respectfully request your favorable consideration of this matter in the upcoming authorization conference.

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Sincerely,

[]

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B. R. INMAN
Admiral, U.S. Navy

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cc: The Honorable Barry Goldwater

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